

**OFFICIAL PROCEEDINGS OF THE BOARD OF
TRUSTEES
CITY OF LANSING
EMPLOYEES RETIREMENT SYSTEM**

Regular Meeting
City Council Conference Room
10th Floor, City Hall
Lansing, MI

June 19, 2014
Thursday, 8:30 a.m.

The Board met in regular session and was called to order at 8:38 a.m.

Present: Dedic, Kraus, McCaffery, Munroe, D. Parker, M. Parker, Taylor – 7
Absent: Trustee Bernero, Boles

Others: Angela Bennett, Karen E. Williams, Finance Department; Attorney Kenneth Lane, Clark Hill (representing the City Attorney's Office); Susan Brownlee; Estela Escamilla, Denise Estee, T580 Retirees.

It was moved by Trustee Taylor and supported by Trustee Mark Parker to approve the Official Minutes of the Employees' Retirement System Regular Meeting of May 15, 2014.

Adopted by the following vote: 7- 0

It was moved by Trustee Dennis Parker and supported by Trustee Mark Parker to approve the Official Minutes of the Joint Employees' Retirement System and Police and Fire Retirement System Office Regular Meeting of May 15, 2014

Adopted by the following vote: 7 – 0.

Trustee Dedic opened the floor for public comments for items on the agenda

Ms. Estela Escamilla, Teamster 580 retiree, provided a letter for the Retirement Board's review regarding her concerns regarding health care changes effective August 1, 2014. Ms. Escamilla requested assistance for concerns expressed in her letter. Ms. Escamilla explained that retirees received notification that there would be health care premium charges for those who retired after 2/20/2004. These retirees would follow active employees. Ms. Escamilla expressed concern that retirees are not members of the bargaining units and have no representation. Ms. Escamilla requested information regarding why retirees are subject to negotiated contract changes. Ms. Escamilla inquired about how the ERS Retirement Ordinance 292.37C health care is enforced.

**Employees Retirement System
Regular Meeting of June 19, 2014
Page 2**

Ms. Denise Estee submitted a letter with attachments for the Employees Retirement System Board's review. Ms. Estee explained that she retired in 2005 with Community Blue Option 2 as the base plan at no cost. Ms. Estee explained that she inquired about these changes in 2010 but was informed that the Retirement Board does not govern health. Ms. Estee reviewed the Retirement Ordinance 292.37C regarding health and thus 292.37C health care and therefore contacted the ERS Board to address her concerns and issues. Ms. Estee believed an error was made by Human Resources regarding the interpretation of health care provisions in the Teamster 580 contract. Ms. Estee had contacted Human Resources, and the City Attorney's Office to have these issues reviewed. Ms. Estee stated that she should be covered by Retirement Ordinance 292.37C, not the current Teamster 580 contract health care provision. Ms. Estee stated that she should be covered by the same health care plan provisions that were in place when she retired in 2005. Ms. Estee stated that she received information from labor relations in 2010 that the tie-bar date for employees was 2/20/2004.

Ms. Susan Brownlee retired in 2001 and expressed concern that it was her understanding that retirees left with the same insurance they had at retirement. Ms. Brownlee expressed concern that the premium rising rates would take a significant amount from retirees' pension. Ms. Brownlee stated that budget and financial issues cannot be solved with passing the health costs to retirees. Ms. Brownlee felt that the rising cost of health care should be a collaborative effect between state government, city and other communities.

Ms. Carla Eno, retired in 2011, asked that health care changes be fair for all retirees.

Trustee Dedic moved item 14a up for Board discussion.

Trustee Dedic requested that legal counsel provide an explanation of the Employees Retirement System jurisdiction on the issues of health care.

Attorney Ken Lane opined that the ERS Board does not have any authority or responsibility for retiree health care. Health care issues are governed by a different board and collective bargaining unit agreements that retirees were in before they retired. Attorney Ken Lane opined that section 292.37C served as a place holder in the Employees Retirement System Ordinance for when the city switched from the Defined Benefit to Defined Contribution and then switched back. Attorney Lane opined that the provision was for the employees who are in the VEBA. Attorney Lane interpreted that retirees receive the same negotiated benefits that active employees have.

Trustee Dedic requested that all documents received from the retirees be forwarded to legal counsel for review and formal response.

Trustee McCaffery inquired as to who made the decisions regarding health care.

**Employees Retirement System
Regular Meeting of June 19, 2014
Page 3**

Trustee Taylor explained that decisions are made through the contract negotiation processes which are ratified by the City Council. The retirees follow the active employees under the contract that was negotiated.

Trustee Munroe clarified that there will always be a possibility for change for retirees who follow active employees.

Trustee Dedic allowed Ms. Denise Estee to ask a question. Ms. Estee inquired if the tie bar date of 2/20/2014 was a negotiated item and if so, why was it not in the contract.

Trustee Dedic stated that the question is not under the authority of the Board, but can be answered by the appropriate party.

Trustee Dedic left the meeting. Trustee Mark Parker presided over the meeting.

Secretary's Report. 4 new member(s), 0 reinstatement(s), 0 refund(s), 0 transfers, 3 retired. Total active membership: 311. Total deferred: 65. 2 death(s) Donna J. Corbit, died 5/7/2014, age 82, spouse of Executive Plan retiree; Loreda F. Groce, died 6/4/2014, age 87, spouse of NonBargaining retiree. Refunds made since the last regular meeting amounted to \$0.00. Retirement allowances paid for the month of May 2014, amounted to \$1,838,209.72. Total retirement checks printed for the ERS System: 892. Eligible domestic relations orders received: 0. Domestic relations orders pending: 0. Eligible domestic relations orders certified: 0.

It was moved by Trustee Kraus and supported by Trustee Dennis Parker to approve the following request for Regular Age and Service:

Ronnie Farmer, (Transportation/UAW), 19 years, 4 months of service credits, age 59, effective June 1, 2014. (From Deferred)

Jose Alberto Burunate-Hernandez (Public Service/UAW), 9 years, 2 months of service credits, age 50, effective May 10, 2014. (Non Duty Death)

Sandraetta Benn, (Public Service/UAW) – 12 years, 5 months of service credits, age 59, effective June 14, 2014

Deborah G. Welch (Transportation/UAW) – 16 years of service credits, age 59, effective June 27, 2014

Shelly A. Roberts (Fire-Civilian/UAW) -20 years, 5 months of service credits, age 58, effective July 1, 2014.

Adopted by the following vote: 6 – 0.

**Employees Retirement System
Regular Meeting of June 19, 2014
Page 4**

Karen Williams explained that the provisions of Non Duty death allowed a vested member's beneficiary to receive pension benefits as if the member retired the previous day.

There were no duty disability retirement requests.

Karen Williams reported that Applicant #2014-E0515 was listed as pending. The disability subcommittee did not meet to review the request

Karen Williams reported that Applicant #2014-E0619 requested to be evaluated for non-duty disability. Applicant #2014-E0619 was referred to the disability subcommittee

Trustee Mark Parker referred Applicant #2014-E0619 to the disability subcommittee.

It was moved by Trustee Dennis Parker and supported by Trustee Dennis Munroe to recess the proceedings to allow the disability subcommittee to meet.

Adopted by the following vote: 6 – 0

The meeting resumed at 9:12 a.m.

Trustee Kraus reported that the disability subcommittee met and recommended that Applicant #2014-E0515 and Applicant #2014-E0619 be sent to the medical director for evaluation for non-duty disability.

It was moved by Trustee Dennis Parker and supported by Trustee Kraus to refer Applicant #2014-E0515 and Applicant #2014-E0619.

Trustee Kraus reported that she attended the Spring MAPERS Conference and participated in the actuary tract of workshops. Trustee Kraus enjoyed the presentation of the 2008 financial collapse from the viewpoint from journalists.

Trustee Mark Parker reported that he enjoyed the networking opportunity with Boomershine Consulting Group, Asset Consulting Group and legal counsel. Trustee Parker also attended a workshop on REITs and fixed assets.

Trustee Taylor added that there was nothing really new in the subject matter or topics at this meeting.

Trustee Dennis Parker gained a lot of the information and appreciated the experience.

**Employees Retirement System
Regular Meeting of June 19, 2014
Page 5**

Attorney Ken Lane distributed and discussed the PBI death audit policy and the new record retention policy for the Trustee Handbooks. Attorney Lane also reported that the Police and Fire Retirement system discussed moving from paper to electronic format for trustee information.

Trustee Kraus reported that she investigated having a shared drive to place trustee information. The information would be in a central location for access for everyone. Trustee Kraus will further discuss her findings at the next meeting.

Attorney Ken Len reported that he attended MAPERS and he discussed the amendments to Public Act 314 and legislation regarding the Detroit bankruptcy. New legislation includes bill mandates new financial reporting; retirees retiring after 1/1/2015 will be calculated on base pay, employees hired after 2023 will need to be in defined contribution plan. An investment committee with 20-year terms will be established to provide oversight and review.

Trustee Munroe expressed concern that the investment committee will have power over the choices approved by the retirement board.

Attorney Ken Lane stated that under EVIP, the only items that remains is the dashboard requirement.

Trustee Dedic returned and presided over the meeting.

Karen Williams reviewed the Election posting for the Parks, Planning and Neighborhood Development Department Trustee that expires June 30, 2014. Petitions for the trustee position were made available May 19, 2014 and due June 19, 2014. The posting also outlined primary election and general election dates if needed. One nominating petition had been distributed.

Attorney Ken Lane distributed and discussed a Dewpoint Contract Extension. Attorney Lane reported that the Police and Fire Board wished to add exclusivity section to the contract. The contract extension was not to exceed \$30,000

Adopted by the following vote: 7-0

Karen Williams reported that Asset Consulting Group provided October 1-3 as dates for the Board's due diligence visit. Ms. Williams requested that member check that schedule to determine who will attend, so travel arrangements can be made/

Trustee Mark Parker provided an update of the Tegrit Project. Trustee Parker distributed information that announced the sale of part of the Tegrit Group to CBiz and also reported that MERS is looking to sell the Tegrit technologies. Trustee Parker also updated the Board that the current project manager is leaving the project, but will be replaced by Jeff Dixon who has been with the project from the beginning.

**Employees Retirement System
Regular Meeting of June 19, 2014
Page 6**

Karen Williams reported to the ERS Board that the first report from PBI had been received. Ms. Williams reviewed how the information is attained and accessed by the Retirement Board.

Karen Williams reported that Integrity Asset Management had been acquired by Victory Capital. Ms. Williams provided a memo from Asset Consulting Group recommended that the ERS Board sign the requested consent form, authorizing Integrity investment management agreement to formally be transferred to Victory Capital.

It was moved by Trustee Kraus and supported by Trustee Taylor to accept the recommendation of Asset Consulting Group and approve the consent form, authorizing Integrity investment agreement to formally be transferred to Victory Capital.

Adopted by the following vote: 7 – 0.

Karen Williams reported that Integrity Asset Management requested to list the Employees Retirement System as a client. Karen Williams reported that per the management agreement, Integrity needed to receive client authorization.

It was moved by Mark Parker and supported by Trustee Dennis Parker to allow Integrity Asset Management to list the Employees Retirement System as its client.

Adopted by the following vote: 7 – 0.

Karen Williams reviewed the Monthly Investment Report, and the securities lending report for the month of May 2014.

The meeting adjourned at 9:45 a.m.

Minutes approved on _____

Angela Bennett, Secretary
Employees Retirement System

Scott Dedic, Chairperson
Employees' Retirement System